

South Carolina Board of Economic Advisors

Statement of Estimated State Revenue Impact

Date: March 16, 2007

Bill Number: H.B. 3671

Authors: Mulvaney; Shoopman; Merrill, Harrell, *et. al.*

Committee Requesting Impact: House Ways & Means Committee

Bill Summary

A bill to amend the Code of Laws of South Carolina, 1976, by repealing Chapter 20, Title 12 relating to the imposition and administration of the corporate license tax.

REVENUE IMPACT ^{1/}

This bill would reduce General Fund corporate license tax revenue by an estimated \$79,191,884 in FY2007-08.

Explanation

This bill would repeal Chapter 20, Title 12 of the 1976 Code of Laws of South Carolina thereby eliminating the corporate license tax. Every corporation required to file an annual report must pay a corporate license fee of \$15 plus \$1.00 per \$1,000 in capital stock and paid in surplus, frequently referred to as "retained earnings". The annual license fee must not be less than \$25 per year. Each domestic corporation, foreign corporation, utilities, and electric cooperatives conducting business in the state is required to remit a corporate license tax to be deposited in the General Fund of the state. Based on the Board of Economic Advisor's revenue forecast made on February 15, 2006, the repeal of Chapter 20, Title 12 of the Code of Laws would reduce General Fund corporate license tax revenue by an estimated \$79,191,884 in FY2007-08.

/s/ WILLIAM C. GILLESPIE, PH.D.

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Chief Economist

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^{1/} This statement meets the requirement of Section 2-7-71 for a state revenue impact by the BEA, or Section 2-7-76 for a local revenue impact or Section 6-1-85(B) for an estimate of the shift in local property tax incidence by the Office of Economic Research.